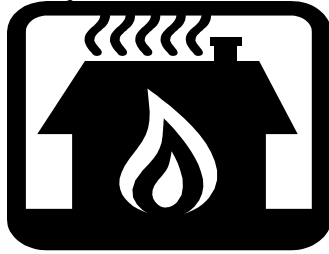




YOUR ENERGY CONNECTION



Higher Natural Gas Prices Frequently Asked Questions and Answers

1. I've heard natural gas prices are increasing, why is this happening and how much more should I expect to pay?

The Department of Energy (DOE) is predicting that national average home heating costs will rise for all consumers, regardless of their fuel source. According to the DOE, average natural gas prices will be 11 percent higher than they were last winter. Heating oil is expected to be up 29 percent and propane costs will average 17 percent higher than last winter.

These increases reflect only the rise of wholesale fuel prices, which are passed on to consumers, not the total cost. Our rates have to account for increases in the market price of the natural gas we deliver to your home or business. In recent years, natural gas prices have trended upward due primarily to increased demand for natural gas to fuel the growing number of gas-fired electric generation plants across the nation. Due to environmental restrictions and quick construction turnaround, power generators have turned to new plants fueled by natural gas to meet the growing economy's need for more and more electricity. Natural gas prices, which traditionally dropped in the summer months due to lower demand, now creep upward as demand for electricity rises in summer months. Utilities filling up summer storage are now paying higher summer natural gas costs for gas stores they will tap into for a portion of their winter heating season needs. Those added costs will also be passed on to consumers. Compounding this situation is slow growth of natural gas production, and an active hurricane season impacting off-shore natural gas production, further reducing supply, while demand steadily climbs in the cooler autumn months. Unfortunately our rates must take this into account and will reflect the higher wholesale price component we must pay for the commodity.

2. Can you tell me more about what goes into determining my gas rate?

The natural gas rate local customers pay is made up of three components:

1. The cost of the natural gas commodity itself.
2. The cost to transport the gas from where it is produced (primarily from the Gulf of Mexico, Texas and Louisiana) to the city utility, and
3. The cost to transport the gas from the city gate to the customer's home or business.

The cost to transport the gas to the home is a regulated fixed cost based on consumption. The cost to transport the gas interstate to the city is also a regulated fixed cost; however, the third component, the natural gas commodity price, fluctuates with the market as it reacts to weather and supply and demand issues. It is this component, which can swing wildly, that is going up and resulting in the anticipated higher winter heating bills.

Natural Gas vs. Propane

Due to increasing costs of all fuels, many customers begin to question if anything is really CHEAPER! Let's Compare:

1 therm = 1,000,000 BTUs

1 gallon = 91,600 BTUs

1 therm = .0916 gallon

Currently the cost of natural gas (measured in therms) is equivalent to approximately \$1.20 per gallon of propane. Are you paying that or less for your propane? Propane costs vary among providers. The current rate is around \$1.70 per gallon with a number of gallons required.

With natural gas you only pay for what you use.

It's easy to see that natural gas is less expensive than propane. Consider converting your heating system to reduce winter heating expenses.

Truth or Myth?

Who pays for the holiday lights around the City Lake?

It's a question that is repeated year after year around Rocky Mount. The truth—the holiday lights around the lake are metered just as every home is metered for electrical services. The Parks and Recreation department budgets each year to cover this expense.



January 2005

Need Help Reducing Your Utility Bill?

The City of Rocky Mount is continuing to provide energy conservation clinics to help customers learn to conserve and control their heating expenses as the winter months set in. There will also be an instructor from the Fire Department teaching fire safety using space heaters.

Other Clinic Dates

January	13th	7 pm
January	25th	3 pm
February	9th	3 pm
February	24th	10 am
March	11th	7 pm
March	24th	10 am

These classes will be held at the Environmental Services Training Room at
1211 Thorpe Rd
Please call 972-1274 to reserve a space.

Help Lower Utility Cost with These Ten Energy Saving Tips

1. **Install a programmable setback thermostat to conveniently and effectively control heating costs without sacrificing comfort. Lower the temperature setting at night and when you are not home.**
2. **Check your furnace filter frequently and replace or clean it as needed. A dirty furnace filter can drive up the cost of heating your home.**
3. **Add a humidifier—either on your furnace or as a separate unit. It can help control heating costs, because moist air feels warmer.**
4. **Adjust register openings to keep various rooms of your home at the desired temperature. Remember heat rises, so you may want to partially close upstairs registers.**
5. **Use draperies, blinds, curtains or shutters on all windows to slow the loss of heat through the glass. Keep window coverings open on sunny days to let in the sun's warmth. Close them to insulate against colder air at night.**
6. **Rearrange furniture for winter, placing it next to inside, instead of outside walls and away from windows. Avoid blocking heating registers and air returns with furniture, draperies or carpet.**
7. **Use kitchen, bath and other ventilating fans sparingly in cold weather. In just one hour, these fans can blow away a houseful of warm air.**
8. **If you have ceiling fans, make sure the mountings are snug and tight. Use clear caulking to seal any leaks you may find, as even minor cracks around the base can let in lots of cold air.**
9. **Purchase some inexpensive, pre-cut insulation gaskets and seal out the cold air entering your home through electrical switches and outlet plates, particularly those on outside walls.**
10. **Closets and cabinets on outside walls can leak a great deal of cold air, so make sure the doors fit snugly and keep them tightly closed.**

Remember Conserve and Keep Costs Low